



January 23, 2004

SENATE BILL No. 318

DIGEST OF SB 318 (Updated January 20, 2004 5:27 pm - DI 52)

Citations Affected: IC 13-11; IC 13-17.

Synopsis: Emission reduction credit registry. Establishes the emission reduction credit registry.

Effective: July 1, 2004.

Gard, Hume, Craycraft

January 12, 2004, read first time and referred to Committee on Environmental Affairs.
January 22, 2004, reported favorably — Do Pass.

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SB 318—LS 6831/DI 52+



January 23, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

SENATE BILL No. 318

A BILL FOR AN ACT to amend the Indiana Code concerning environmental law.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 13-11-2-66.3 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2004]: **Sec. 66.3. "Emission reduction**
4 **credit", for purposes of IC 13-17-15, means a reduction in quantity**
5 **of a regulated air pollutant discharged by a permitted source:**

6 (1) **that exceeds the reduction required under local, state, or**
7 **federal:**

8 (A) **law;**

9 (B) **regulation;**

10 (C) **order;**

11 (D) **permit; or**

12 (E) **other requirement;**

13 (2) **that is an actual emission reduction assured for the life of**
14 **the emission reduction credit through any enforceable**
15 **mechanism allowed under rules of the board;**

16 (3) **for which the amount, rate, and characteristics can be**
17 **estimated through a method approved by the department;**

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(4) that is in excess of reductions used by the department:

(A) in issuing any other permit; or

(B) to demonstrate:

(i) attainment; or

(ii) reasonable progress towards attainment;

of federal ambient air quality standards; and

(5) that has not previously been used to avoid new source review requirements of the federal Clean Air Act under 42 U.S.C. 7470 et seq. (Part C) or 42 U.S.C. 7501 et seq. (Part D) through a netting demonstration.

SECTION 2. IC 13-17-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

Chapter 15. Emission Reduction Credit Registry

Sec. 1. The emission reduction credit registry is established. The department shall maintain the registry for each source in Indiana that chooses to apply to the registry for any regulated air pollutant that meets the requirements of an emission reduction credit (as defined in IC 13-11-2-66.3).

Sec. 2. The emission reduction credit registry must include at least the following information with respect to each permitted source for which an entry is made under section 3 of this chapter:

(1) The amount of each emission reduction credit.

(2) Identification of the regulated air pollutant reduced.

(3) The date the emission reduction occurred.

(4) The location of the source.

(5) Identification of the process or facility associated with the reduction.

(6) The date, amount, and purpose of each withdrawal of an emission reduction credit from the registry under section 5 of this chapter.

Sec. 3. A permitted source may apply to the department to have an emission reduction credit approved by the department for entry in the emission reduction credit registry. The application must indicate how the permitted source achieved the emission reduction. The department shall:

(1) review each application made under this section and determine whether the application identifies an emission reduction credit of the applicant;

(2) enter in the registry each emission reduction credit determined under subdivision (1); and

(3) notify the permitted source in writing of the department's

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action under this section.

Sec. 4. An emission reduction credit may be used for any purpose allowed under:

- (1) federal law;
- (2) federal regulations;
- (3) state law; or
- (4) rules adopted by the board.

Sec. 5. A permitted source with emission reduction credits in the emission reduction credit registry shall notify the department in writing each time the source:

- (1) permanently withdraws an emission reduction credit from the list of emission reduction credits held by the source; or
- (2) transfers an emission reduction credit to another entity.

Sec. 6. The department shall:

- (1) verify the withdrawal or transfer of emission reduction credits under section 5 of this chapter;
- (2) update the emission reduction credit registry to reflect the withdrawal or transfer; and
- (3) notify the permitted source in writing of the updated information in the registry.

Sec. 7. The commissioner may revoke or suspend emission reduction credits for cause, including any of the following:

- (1) Evidence of noncompliance with permit conditions imposed to make the emission reductions permanent and enforceable.
- (2) Failure to achieve in practice the emission reductions on which the emission reduction credits are based.
- (3) Misrepresentations made in:
 - (A) the application submitted under section 3 of this chapter;
 - (B) any other application on which the emission reduction credit is based;
 - (C) any subsequent reports or data that support an application referred to in clause (A) or (B); or
 - (D) a notice to the department under section 5 of this chapter.

Sec. 8. The department shall develop:

- (1) forms and instructions for filing:
 - (A) an application under section 3 of this chapter; or
 - (B) a notice to the department under section 5 of this chapter; and
- (2) guidance for using or retiring an emission reduction

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1 credit.
2 Sec. 9. The board may adopt rules under IC 4-22-2 to implement
3 this chapter.

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SENATE MOTION

Madam President: I move that Senators Hume and Craycraft be added as coauthors of Senate Bill 318.

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COMMITTEE REPORT

Madam President: The Senate Committee on Environmental Affairs, to which was referred Senate Bill No. 318, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 318 as introduced.)

GARD, Chairperson

Committee Vote: Yeas 10, Nays 0.

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